

COMMONWEALTH OF MASSACHUSETTS  
**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

CAMBRIDGE ELECTRIC LIGHT COMPANY

D.T.E. 01-94

FIRST SET OF INFORMATION REQUESTS OF THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO  
CAMBRIDGE ELECTRIC LIGHT COMPANY

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Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Cambridge Electric Light Company (“Cambridge” or “Company”) the following Information Requests:

**Instructions**

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:  
  
Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.
5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which

information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.

6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department and on all parties; also submit two (2) copies of the responses to Jesse S. Reyes, Hearing Officer and one (1) copy each to Serhat Guney, Analyst; Joseph Tiernan, Analyst; and Miguel Maravi, Analyst; on three hole punch paper.
8. In addition to filing, all non-proprietary responses are to be submitted by e-mail to [dte.efiling@state.ma.us](mailto:dte.efiling@state.ma.us), to Department staff as provided in the latest distribution list, and to the e-mail address of any party required to be served.

#### INFORMATION REQUESTS

DTE-CEL 1-1

Please refer to Exhibit CEL-BKR-2.

- (a) Compare page 1, row 2 ("Base Operating Expense") with page 2, row 2 ("Base Operating Expense"). Please explain what types of costs are included and why the amounts on page 1 differ from page 2.
- (b) Compare page 1, row 3 ("Depreciation") with page 2, row 3 ("Depreciation"). Please explain what types of charges are included and why the amounts on page 1 differ from page 2.
- (c) Compare page 1, row 4 ("Other") with page 2, row 4 ("Other"). Please explain what types of costs are included and why the amounts on page 1 differ from page 2.
- (d) Compare page 1, row 6 ("Total Fuel Expense") with page 2, row 6 ("Total Fuel Expense"). Please explain what types of costs are included and why the amounts on page 1 differ from page 2.
- (e) Compare page 1, row 9 ("CELCO Generation - MWH") with page 2, row 9 ("CELCO Generation - MWH"). Please explain why the amount for the year 2002 on page 1 differs from page 2.

- (f) On page 2, the Company indicates PPA prices per MWH for 2002-2012 under the 2001 Amendatory Agreement. Please provide a comparison of these prices with forecasted power prices for the same period and indicate the extent of above-market portion. In doing so, please identify the source of data and the model for this forecast including its assumptions.
- (g) Please explain whether the Company considered the option of renegotiating the Power Contract on the basis of either cost-of-service or fixed price PPA rather than cost-of-service plus PPA obligations in the post sale of Vermont Yankee situation.

- DTE-CEL 1-2 Please refer to Exhibit CEL-BKR-3. Please state the basis for the discount rate used. Provide complete and detailed documentation to support your response.
- DTE-CEL 1-3 Please refer to Exhibit CEL-BKR-3. Please provide the calculations used to derive the information in columns 5 and 6.
- DTE-CEL 1-4 Please refer to Exhibit CEL-BKR-1, page 4. The Company states that as a result of the favorable outcome of the Vermont Yankee auction [the cost-of-service obligations] are significantly reduced. Please provide a table indicating all of the cost-of-service items and respective savings. Please also state the reason(s) for these savings.
- DTE-CEL 1-5 Please refer to Exhibit CEL-RHM-1, page 4. The Company states that "through the period ending November 30, 2002, Cambridge's purchase obligation is effectively reduced to 2.25 percent of the net capacity, output, and ancillary products of the Vermont Yankee Station . . . ." However, in Exhibit CEL-BKR-2, the Company's entitlement is stated as 2.5 percent in year 2002. Please reconcile.
- DTE-CEL 1-6 Please refer to Exhibit CEL-RHM-1, page 10.
- (a) Please show how the Low Market Adjuster ("LMA") mechanism operates based on the high and low ranges of market prices forecasted for the term of the PPA.
  - (b) What is the spread between the market price and the scheduled PPA price before the LMA mechanism is triggered?

- (c) What is the spread between market prices and the PPA price as adjusted by the LMA mechanism?
- (d) For how long would a LMA adjusted price apply, and how often would the price be adjusted?

DTE-CEL 1-7 Please refer to Exhibit CEL-RHM-1, page 11. The Company states that "Cambridge would pay its entitlement percentage of specifically enumerated cost-of-service obligations of Vermont Yankee, including costs pertaining to the unamortized net plant investment for the Vermont Yankee Station, divestiture related transaction and sales costs, post closing obligations to Entergy under the PSA, on-going operating expenses of the shell Vermont Yankee entity, including principal and interest on any borrowed funds associated with operating expenses." Please provide a table indicating these cost figures based on the Company estimates.

DTE-CEL 1-8 Please explain why the Company committed to buy back power from the Vermont Yankee Station over the next 12 years, given that standard offer service terminates in 2004 and default service is expected to be procured competitively? Please explain how the Company plans to use this power over the next 12 years.

DTE-CEL 1-9 What is the transaction cost of 2001 Amendatory Agreement negotiated between the Company and Vermont Yankee? How does the Company propose to account for this cost?

DTE-CEL 1-10 Please refer to CEL-BKR-2, "CELCO Generation - MWH". The MWHs produced fluctuates from year to year in an apparently inconsistent pattern.

- (a) Please explain the major reasons for such projected fluctuations.
- (b) Please explain how, and to what extent, these projected fluctuations are consistent with fluctuations over the previous ten years.

- DTE-CEL 1-11 Please refer to Exhibit CEL-RHM-2, page 16 ("Contingent Option to Terminate Purchase").
- (a) Please explain the process and circumstances under which Vermont Yankee may terminate the 2001 Amendatory Agreement.
  - (b) Does the Company have an option to terminate the contract independent from Vermont Yankee's option? Please explain.
- DTE-CEL 1-12 Please provide a table indicating annual transition costs, from the year 1998 to the year 2012, stating the total transition costs previously approved by the Department, as well as the amounts attributable to each of the components of transition costs. In addition, please provide pro forma calculations of transition costs (and their components), if the 2001 Amendatory Agreement is approved as filed.
- DTE-CEL 1-13 Please refer to Exhibit CEL-BKR-1, page 7, lines 6 to 19. Please describe in complete detail the four categories of transition costs set forth in the testimony, including an explanation of how those costs correspond to the categories set forth in D.T.E. 97-111 or in G.L. c. 164 § 1G.
- DTE-CEL 1-14 Please state whether the changes proposed in the 2001 Amendatory Agreement were included in the Company's filings to the Department, e.g. the Company's compliance filing in D.T.E. 01-79. Provide detailed information on how the 2001 Amendatory Agreement will affect the 2002 transition charge.
- DTE-CEL 1-15 Please refer to Exhibit CEL-BKR-1, page 6, line 4 to page 7, line 5.
- (a) How much was the Cambridge's Transition Charge, effective on March 1, 1998.
  - (b) How much was the first reduction of 47% that was effective on January 1, 1999.
  - (c) How much was the second reduction that was effective on September 1, 1999.

- DTE-CEL 1-16 Refer to Exhibit CEL-BKR-1, page 8, lines 3 through 12. Please explain in detail the legal and economic rationale of how the Department's transition charge may permit the recovery of the following costs proposed to be recovered:
- (a) "the on-going cost of service for Vermont Yankee"
  - (b) "any above-market (or below-market) costs associated with the power-purchase obligations."
- DTE-CEL 1-17 Please refer to Exhibit CEL-RHM-2, page 13 (2001 Amendatory Agreement). Please identify all costs included in Closing Net Unit Investment.
- DTE-CEL 1-18 Please refer to Exhibit CEL-RHM-2, page 13 (2001 Amendatory Agreement). Please identify all costs included in Total Transaction Costs Obligation.
- DTE-CEL 1-19 Please refer to Exhibit CEL-RHM-2, page 13 (2001 Amendatory Agreement). Please identify all costs included in Total Sale Costs Obligation.
- DTE-CEL 1-20 Please refer to Exhibit CEL-RHM-2, page 13 (2001 Amendatory Agreement). Please identify all costs included in Total Operating Expenses.
- DTE-CEL 1-21 Please refer to Exhibit CEL-RHM-2, page 13 (2001 Amendatory Agreement). Please identify all costs included in PSA Obligations.
- DTE-CEL 1-22 Please refer to Exhibit CEL-RHM-2, page 13 (2001 Amendatory Agreement). Please identify all costs included in Total Revolver Costs.

Dated: January 23, 2002

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Jesse S. Reyes, Hearing Officer